

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2033 - SB 1701**

March 7, 2011

**SUMMARY OF BILL:** Requires providers of design and engineering services, and materials and equipment, to warrant that annual energy costs for all habitable space contained within newly constructed buildings and substantially renovated buildings meet pre-determined energy cost objectives set by the client. Requires a certified business energy professional to determine, no sooner than 12 months from the first date of occupancy of a building, whether such providers have complied with the energy efficiency requirements.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Net Impact - Exceeds \$100,000**

**Increase Local Expenditures – Net Impact – Exceeds \$100,000**

**Assumptions:**

- Annual energy costs are required to be 25 percent lower than the average costs for similar buildings located in areas with similar average annual temperatures or 55,000 BTUs per square foot of coordinated habitable space per year.
- “Business energy professional” means a person certified by the Association of Energy Engineers who is competent in business marketing and energy related disciplines, as well as laws governing and affecting energy professionals.
- Prohibits certified business energy professionals from having any financial interest, nor be affiliated, in any way, with the design or construction of such buildings.
- The fiscal impact of this bill is dependent upon several unknown factors such as the number of projects undertaken in the future, the size and complexity of such projects, the expense incurred from requiring providers to warrant estimated energy costs, and the extent of actual energy savings realized over the life of the structures built relative to the energy costs of the structures if built under current law.
- The decreased expenditures expected to accrue to state and local government by avoiding future energy costs is expected to outweigh the increased expenditures resulting from the specified providers being required to warrant energy costs. Determining a precise net estimate is problematic due to the extent of the two offsetting factors. However, it is reasonably estimated that state and local government would realize a net decrease in expenditures of less than \$50,000 per year.

- State and local governments will incur additional expenditures from being required to contract with business energy professionals to determine whether such providers have complied with the energy efficiency requirements.
- According to the Department of Finance and Administration, the cost of hiring a certified business energy professional would be at least \$3,100 per project (\$155 per hour x 20-hour minimum).
- The Department of Finance and Administration indicates that there are currently 140 projects in the budget document for FY10-11 which would require these services.
- Minimum of 50 projects per year for both state and local government.
- The increase in state expenditures for hiring certified business energy professionals will exceed \$155,000 per year (50 projects minimum x \$3,100).
- The increase in local government expenditures for hiring certified business energy professionals will exceed \$155,000 per year (50 projects minimum x \$3,100).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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